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THE PRESENT STATUS OF SMALL- AND MEDIUM-SCALE FOOD-PROCESSING ENTERPRISES IN AFRICA*

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PREFACE

The First UNIDO Consultation on the Food-Processing Industry which was held in The Hague, Netherlands, 9-13 November 1981,[1/] recognized that, "... it would be useful to extend the range of partners from developed countries, as well as from the more industrialized of the developing countries, which could co-operate in all activities related to food processing. Additional partners include small- and medium-scale enterprises from developed and developing countries ...".

The First Consultation also recommended that UNIDO should, "... examine food-processing industries in selected developing countries and explore the prospects of this sector in order to identify production, technological and economic problems and to elaborate recommendations concerning ways and means of overcoming them;".

The Second UNIDO Consultation on the Food-Processing Industry with Special Emphasis on Vegetable Oils and Fats, which was held in Copenhagen, Denmark, 15-19 October 1984,[2/] also emphasized the role of small- and medium-scale enterprises (and co-operatives) in the integrated development of the food-processing industry. It recommended that UNIDO should inter alia "Prepare case studies on specific projects in developing countries at different levels of industrialization and indicate the nature and role of co-operatives and small- and medium-scale industries in the development of agro-food industries."

The Lagos Plan of Action[3/] had urged creating a network of small- and medium-scale industries as part of its strategy for national industrial development, and the Programme for the Industrial Development Decade for

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1/ UNIDO Report ID/278, 1981.

2/ UNIDO Report ID/329, 1984.

3/ Organization of African Unity. Lagos Plan of Action for the Economic Development of Africa, 1980-2000. International Institute for Labour Studies. Geneva, Switzerland, 1981.

Africa[4/] advocated that, "Developing food industries in African countries will improve food supplies and reduce imports. It will contribute to increased self-reliance by reducing food losses, adding value to the raw materials, increasing export earnings, raising employment levels and improving incomes. It will further ensure better market opportunities, stimulate production and rural development, reduce urban migration, improve nutrition standards both qualitatively and quantitatively, increase opportunities for investment in agriculture and processing industries, and stimulate the development of allied sectors of the economy."

The present paper has been prepared to review existing definitions of small- and medium-scale enterprises, including those involved in the food-processing industry, especially in Africa, and to identify various policy measures adopted by governments for their promotion and support.

An attempt is made to quantify the contribution of those enterprises to national economies, and in particular the share of the food-processing sector to the national economies of African countries, but information in that respect is not readily available.

Basic constraints to the development of African small- and medium-scale enterprises, including those dealing with food processing, are discussed, and some measures for their rehabilitation are proposed.

As a first step in the preparation of the paper, a questionnaire was developed and sent to 34 African countries for completion by pertinent sources. This paper does not analyse the data which are expected to be obtained in response to the questionnaire. Their analysis will be the subject of a separate study, which should be regarded as an integral part of this paper.

4/ United Nations, New York, 1982. UNIDO ID/287. A Programme for the Industrial Decade for Africa. Prepared jointly by ECA, OAU, and UNIDO.

I. INTRODUCTION

1. A definition of a small- or a medium-scale enterprise, whether involved in food processing or not, is obviously subject to the particular economic setting in which the enterprise operates, and depends on the criterion used by the definer, e.g. employment, capital, output, etc. It is no wonder that 50 different definitions of small enterprises were found in 75 different countries.5/

2. In Japan, for example, small and medium enterprises are defined, according to kind of industry, by capital ceiling and number of employees. Thus in manufacturing, mining, and transportation industries those with a capital ceiling of 100 million Yen and employing up to 300 persons are considered small to medium enterprises. In the wholesale trade, however, the capital ceiling is 30 million Yen and the number of employees is 300 persons, while in the retail trade the capital ceiling is 10 million Yen and employment is 50 people. Very small enterprises in manufacturing, mining and transportation, etc. are those employing up to 20 persons, while in commerce and services they are those employing up to 5 people.6/

3. In India, the definition of small industry relates to the level of investment in plant and machinery (Rs. 10 Lakhs).6/ In Malaysia, a small-scale enterprise is defined as an enterprise with a shareholders fund of less than M$250,000, and employing less than 50 workers; but other definitions also prevail and are being used by various government agencies and institutions.7/ In the Philippines, a small-scale enterprise is that

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5/ Meredith, G.G. Socio-Economic Importance of Small Enterprises and Policy Programming Implications in Small Enterprise Development. A Commonwealth Heads of Government Regional Meeting (CHOGRM) Workshop. Summary Report, Sydney, Australia, 16-28 May 1982, pp.23-29.

6/ Vepa, Ram K. Small Industry. The Challenge of the Eighties. VIKS Publishing House PVT Ltd., New Delhi, India, 1983.

7/ UNIDO/ESCAP ad hoc Expert Group Meeting on Policies and Strategies for Small-Scale Industry Development in Asia and the Pacific Region. Seoul, Korea, September, 1985. Country Paper, Malaysia.

employing 5 to 99 workers and having assets between ₱250,000 and ₱2.5 million. A medium-scale enterprise is one employing 100 to 199 workers and having assets between ₱2.5 million and ₱10 million.8/

In Thailand, there are two criteria for small industry. An enterprise is considered small if it has less than Bhat 5 million registered capital, or if it employs less than 50 workers.9/ In Nepal, small industry means an enterprise in which investment in machinery, equipment and tools exceeds Rs.200,000 in value and in which fixed assets do not exceed Rs. 2 million. Medium industry means an enterprise in which fixed assets investment exceeds Rs. 2 million, but does not exceed Rs. 10 million.10/ In Pakistan, small industry may be defined as a unit with fixed capital investment of up to Rs. 10 million.11/

4. In China, industry is defined in terms of output and not in terms of investment or employment. Thus, in the iron and steel industry, small enterprises are defined as those having an output of less than 10,000 tons annually while those having output of one million tons or more are considered large, and those with outputs in between are rated as medium. In power generation an output of 250 MW or more is large while 25,000 KW or less is small. In the watch industry, enterprises with an output of 1 million watches are considered large, while those producing below 400,000 watches per year fall into the small-enterprise category.6/

5. In Latin America, it was concluded in a study carried out for the Canadian International Development Agency that precise and unequivocal definitions of micro- and small-scale enterprises have not yet been formulated. For practical purposes, the study12/ adopted the number of

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8/ Ibid. Country Paper, The Philippines.

9/ Ibid. Country Paper, Thailand.

10/ Ibid. Country Paper, Nepal.

11/ Ibid. Country Paper, Pakistan.

12/ Canadian International Development Agency (CIDA), Industrial Services Section. Micro and small-scale enterprises (MSE) development in Latin America. An Overview of strategies/policies, approaches and programs/projects. February, 1985.

employees per establishment as the most common parameter found in the region. A micro enterprise is considered to be an unincorporated unit of one to five employees including the owner, while a small-scale enterprise is an incorporated establishment providing employment to between 6 and 25 workers.

6. In Africa, the same irregularity exists with respect to a definition for a small (or medium-scale) enterprise. Thus in Ethiopia small-scale industry has been defined as any industrial activity which uses motive power and machines and which has fixed assets of a value not exceeding Birr 200,000 excluding buildings.13/ In Uganda, Vepa6/ reported that no precise definition of small industry was available in 1983, but the Uganda Commercial Bank considered all units with a capital investment in land, buildings and machinery between 500,000 and 2 million Shillings as small scale. The same author found that no rigid definition of small industry was available in Tanzania besides a general understanding that any unit whose control is within the capability of the people of the country, individually or collectively, in terms of capital requirement and know-how, is considered as small. In Nigeria, a small-scale unit is defined as one with an investment capital of N150,000. Small industry was defined in Ghana as a unit with fixed capital investment not exceeding 10,000 Cedis and employing five persons or less. This was later considered obsolete and it was suggested that the ceiling be raised to 300,000 Cedis investment in machinery and equipment. In the Cameroons, the definition of small- and medium-scale enterprises varies: for tax purposes, a turnover of 20 million Francs CFA, and for commercial enterprises 5 million Francs CFA are taken as ceilings. If the number of people employed is five or less, then the enterprise is considered as a handicraft and not as a small enterprise.

In Zambia, the Small Industries Development Act of 1981 defines a small-scale enterprise as an enterprise having capital assets not exceeding K250,000 or such higher amount as prescribed from time to time.14/ In the

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13/ Provisional Military Government of Socialist Ethiopia. Handicrafts and Small-Scale Industries Development Agency, Report on Survey of Small-Scale Industries in Twelve Towns. May 1981, p.3.

14/ Government of Zambia. Act No. 18 of 1981.

People's Republic of Congo, small and medium enterprises have been defined as those employing between 5 and 99 workers.15/

For the sake of comparing definitions based on monetary value, the currencies ..... of the above-mentioned countries are listed in the attached Annex in relation to the USA Dollar in July, 1986.

II. POLICY MEASURES IN SUPPORT OF SMALL- AND MEDIUM-SCALE ENTERPRISES

7. Despite the differing definitions of small- and medium-scale enterprises, there seems to be an unanimous agreement on the basic reasons for promoting them. These reasons have been compiled by S. Nanjundan16/ as follows:

a) Small industries provide the seed-bed for growth;
b) They stimulate indigenous entrepreneurship;
c) They mobilize capital not otherwise generated in the economy;
d) They save scarce capital and employ less scarce labour;
e) They can be developed on decentralized basis in rural and semi-urban areas to meet local demands;
f) They provide linkages to agricultural and rural activities;
g) They use simple technology;
h) They use local resources, both human and material, economically and save on transport costs;
i) They create a middle class of self-employment entrepreneurs;
j) They contribute to more equitable distribution of income and wealth.

8. But even those basic reasons for promoting small- and medium-scale enterprises are also influenced by the type and state of economy within which they participate. Thus in the more industrialized market-economy countries it has been considered that they have potential advantages over larger enterprises in such areas as: a) technical innovation, particularly in new

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15/ ONUDI. Assistance a la promotion et au développement des petites et moyennes entreprises. DC/PRC/84/007, Rapport final, février 1985.

16/ Nanjundan, S. Small and Medium Enterprises. Some Basic Development Issues. UNIDO/PC.137. April 1986.

product development in certain sectors; b) human relations within the enterprise; c) employment generation; d) flexibility and the ability to adjust to changing market conditions more rapidly than larger, more bureaucratic organizations; and e) managerial dynamism and entrepreneurship.17/

9. In socialist economies, relatively little research has been undertaken on the role of small business to assess its actual and potential contribution to economic development.18/ There are, however, some recent indications that policy measures in some socialist countries have been implemented in order to promote small business.19/

10. Such policy measures have been in operation for many years in most of the industrialized market-economy countries. In the USA, for example, a Small Business Administration (SBA) was set up in 1953[20]/ to cater to the diverse needs of small enterprises. The SBA is an independent Federal Agency headed by an administrator who is directly responsible to the President.

The SBA provides guaranteed, direct or immediate participation loans to small business concerns to help them finance plant construction, conversion, or expansion; or acquire equipment, facilities, machinery, supplies, or materials. It also provides them with working capital, and is empowered to provide loans to assist small businesses which have sustained substantial economic injury resulting from natural disasters. It may provide loans to small business concerns located in urban or rural areas with high proportions of unemployment or low income individuals, or owned by low income

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17/ Rothwell, R. and W. Zegveld. Innovation and the Small and Medium-Sized Firm. London: Francis Pinter. 1982.

18/ Lockett, Martin. Small Business and Socialism in Urban China. Development and Change (SAGE) London Beverly Hills and New Delhi, Vol. 17, pp.35-67, 1986.

19/ Laky, T. Small Enterprises in Hungary.-Myth and Reality. Acta Oeconomica, Vol.33 (1-2), pp.39-63, 1984.

20/ The United States Government Manual, 1985-86. Small Business Administration, pp.620-626.

individuals. In addition, it may provide revolving lines of credit for export purposes to enable small business firms to develop foreign markets, and for pre-export financing.

For the purpose of improving and stimulating the national economy and the small business segment, the SBA licenses, regulates and provides financial assistance to small business investment companies whose sole function is to provide venture capital in the form of equity financing, long-term loans, and managerial services to small business concerns. In the area of procurement, the SBA provides a wide range of services to small firms to help them obtain and fulfil Government contracts and sub-contracts. It sets aside suitable Government purchases for competitive award to small business concerns and provides an appeal procedure for a low bidding small firm whose ability to perform a contract is questioned by the contracting officer. It develops sub-contract opportunities for small businesses by maintaining close contact with prime contractors and referring qualified small firms to them. It co-operates with other Federal agencies in setting procurement goals for small business and small disadvantaged business for prime contracts and sub-contracts.

The SBA maintains a computerized small business source referral system which provides qualified sources for Federal Government and large business procurements, and co-operates with Government agencies in ensuring that small firms have an opportunity to procure a fair share of Government property, such as timber, royalty oil, strategic materials, and mineral leases, that is sold to the private sector. The Administration also works with Federal agencies to ensure that small firms have a fair opportunity to acquire surplus Government property.

In the area of technology, the SBA helps small businesses benefit from research and development carried out by other Federal agencies under Government contracts or at Government expense. It provides services, such as computerized literature searches, designed to acquaint small businesses with available technology and helps select the relevant portions.

With respect to management assistance, the SBA co-sponsors courses and conferences, prepares informational leaflets and booklets, and encourages research into the management problems of small business concerns. It counsels

and conducts management workshops and courses for established as well as prospective business persons, and enlists the volunteer aid of retired and active executives to assist small business persons in overcoming their management problems. It contracts with college and university schools of business for counselling services and training. The SBA also has an Office of Advocacy which evaluates the impact on small businesses of legislative proposals and other public policy issues by preparing policy papers and by conducting research having an impact on small business, including economic and statistical research into matters affecting the competitive strength of small business, and research on the effect of Federal laws, programmes, and regulations on small business. On the basis of that research, the Office makes recommendations to Federal agencies for appropriate adjustments to meet the needs of small business. A major programme under the Office of Advocacy is the Women's Business Ownership Programme whose functions are carried out by the Office of Women's Business Ownership (OWBO), which was initiated in 1979. OWBO's purpose is to develop and co-ordinate a national programme to increase the strength, profitability, and visibility of women-owned businesses while making maximum use of existing Government and private sector resources. The OWBO provides advice, assistance, and support to the Interagency Committee on Women's Business Enterprise in fulfilling its mandate to promote, co-ordinate, and monitor the efforts of the Federal Government to establish, preserve, and strengthen women-owned businesses.

11. Similar policy measures to strengthen small- and medium-scale enterprises have also been implemented in other market-economy industrialized countries in recognition of the role those industries can play in dispersing growth, creating new jobs and developing export trade.6/ In Japan, a Small and Medium Enterprise Agency (SMEA) was set up in 1948, and a Small and Medium Enterprise Basic Law was enacted in 1961. The SMEA is the focal point for the planning and implementation of policies for the promotion of small and medium enterprises, and there is a Policy Council to advise the Agency on policy measures that need to be taken. The SMEA acts jointly with the concerned ministries, i.e., the Ministry of International Trade and Industry for automobiles and home appliances; the Ministry of Agriculture and Forests for the food industry; the Ministry of Transport for ship-building; and the Ministry of Construction for building materials. In addition, the Agency interacts with local governments (prefectures) who have an important role to play in formulating and implementing government policies.

The SMEA deals with the following areas: a) modernization and structural improvements; b) organization of counter-measures, such as various forms of co-operative systems; c) correction of disadvantageous positions in business activities through sub-contracting, and greater business opportunities in government contracts; d) measures for the improvement of business management and technical levels; e) special measures for the very small business enterprises; f) financial measures through the three government-controlled institutions - The National Finance Corporation (NFC), The Small Business Finance Corporation (SBFC), and The Central Bank for Industrial Cooperatives-; and g) tax system. In addition to the Small and Medium Enterprise Basic Law, there are thirteen other laws enacted in Japan for the fulfilment of the above purposes.

12. Other market-economy industrialized countries have also paid special attention to small- and medium-scale enterprises, and have taken measures of varying degrees of effectiveness and intensity for their support and promotion.

13. In the Third World, the programme of small-industry development in India is perhaps the oldest, and the most established of any developing country.6/

Three national organizations were set up in the mid- and late-fifties to provide specific support to that sector: a) The Small Industries Development Organization (SIDO) to provide technical consultancy; b) The Small Industry Extension Training (SIET) Institute at Hyderabad for training personnel connected with the development of small industries; and c) The National Small Industries Corporation (NSIC) for undertaking commercial operations in aid of the small enterprises.

SIDO today has a network of 25 small industries service institutes, 18 branch institutes, 41 extension centres, four regional testing centres, one product and process development centre in addition to several associated institutions.

On an average, some 400,000 existing and prospective entrepreneurs are provided annually with advice in the following areas:

a) **Technical Services**, such as improved technical processes; guidance in production, planning and selection of machinery; use of modern machines; preparation of factory lay-outs; materials handling, and so on. Model schemes, plant guides, feasibility reports, project reports, blue prints and drawings are all supplied at a nominal cost.

b) **Marketing Services**, including the provision of market intelligence on internal and international markets; setting up of sub-contracting exchanges and trade centres; encouragement to small entrepreneurs to participate in Government stores' purchase programmes; organization of exhibitions and trade fairs; sponsoring trade delegations and so forth.

c) **Economic Services**, such as feasibility studies; industrial potential surveys; industry prospect sheets; and collection, maintenance and dissemination of statistical information.

d) **Managerial Services**, aimed at improving the competitiveness of small enterprises through provision of problem-oriented consultancies, detailed in-plant studies, and general consultancies in such areas as financial management, and costing and production management.

e) **Training Services**, both for technical and managerial personnel.

In addition to the establishment of the above basic institutions for the speedy development of small industries, the Government of India launched in 1955 an Industrial Estates Programme to overcome certain difficulties facing the small entrepreneurs, and to combat the haphazard growth of that sector with its attendant problems. The facilities being provided to the entrepreneurs in the Industrial Estates include built-in factory sheds, power and water facilities, roads, godowns, as well as common facility services. Additional franchises, exclusive of those available to small-scale industries at large, are granted to occupants of those Estates, such as subsidy on rent for factory accommodations, allotment of sheds on hire-purchase basis as well as outright sale, concessional charges for water and power, transport subsidy, etc.

With respect to financial assistance to the small enterprises in India, there are several State and National Institutions which are charged with this function:

a) In almost all States, there is a statutory provision which allows for the provision of loans to the small entrepreneurs within the State. Loans below Rs. 5,000 are often given on personal surety, while above this figure loans are advanced up to 75 per cent of the security offered. The ceiling for such loans in most States is Rs. 1 Lakh (100,000) for individual borrowers, and Rs. 2 Lakhs for industrial co-operatives. The amortization period is normally 10 years, and the interest is low-ranging between 2 and 7 per cent.

b) **State Financial Corporations** (SFCs). At present, 18 such corporations are operating in the States and are increasingly providing loans to the small industries sector. Normally, the SFCs provide assistance for financing the purchase of fixed assets, but in some States funds are also provided for working capital. Rates are around 11 per cent reduced to 9 1/2 per cent in designated backward areas, and for technical entrepreneurs.

c) **Small Industry Development Corporations** (SIDCs). In almost all States SIDCs have been set up to: i) undertake distribution of raw materials; ii) provide marketing assistance; iii) operate industrial units and develop industrial areas; iv) supply machinery on a time purchase basis; v) manage industrial units taken over by Government; and vi) grant financial assistance.

d) **National Small Industries Corporation** (NSIC). This corporation was set up in 1955 to assist the growth of small industries through commercial schemes. One of the major schemes it has operated has been to supply machinery, both indigenous and imported, on a hire-purchase basis. Applicants have to make an earnest money deposit of 5 to 10 per cent at the time of application and repay the rest over a period of 7 years, charged at an interest rate of 7 per cent.

In addition to the above institutions, there are several specialized boards which give financial assistance to small enterprises. Examples are the Khadi and Village Industries Commission (KVIC), the All India Handloom Boards, the All India Handicrafts Boards, the Silk Board, and the Coir Board. Type of assistance offered by these Boards varies from interest subsidy in loans from financial institutions, to price stabilization schemes and market support.

There are also other all India financial institutions involved in small industry development, such as the Industrial Development Bank of India which initiated a small and village industry wing in 1978 to cater to the needs of those industries through different schemes; the Industrial Credit and Investment Corporation of India (ICICI) which mainly provides foreign exchange loans for importation of equipment, and whose activities are not necessarily confined to small enterprises; the Commercial Banks which provide a major portion of the working capital for the small sector; the Cooperative Banks and the Regional Rural Banks.

14. Other Third World Governments have also recognized the important contribution of small- and medium-scale enterprises to their national economies and have created various institutions and devised different schemes for their support.

15. In Latin America, for example, almost all countries in the region have formulated, or are in the process of formulating, strategies and priority policies in support of small- and medium-scale enterprises. A large number of programmes are now beyond the experimental stage, and those combining managerial and vocational training, credit, and technical assistance (including extension, consulting and monitoring services) are considered to have more continuous and self-sustained effects on employment and income.12/

16. In South-East Asia, several mechanisms and schemes have evolved in support of small- and medium-scale industry. Examples are the entrepreneur/management development programmes of the Philippines Productivity and Development Center, the financial scheme for small- and medium-scale industry of the Industrial Finance Corporation of Thailand, and the Malaysian Technology Display and Resource Center for Small-Scale Industry.21/

17. In Africa, most Governments have also realized that small enterprises form an integral part of their economy and contribute substantially to income generation and employment. A central organization has been created in several countries to promote the orderly development of small industry and meet its needs.

21/ UNIDO/IS.618. Promoting Small-Scale Industry in Southeast Asia: Selected Support Schemes in the Philippines, Thailand and Malaysia. 1986.

In Francophone Africa, such organizations go under different names such as Société nationale d'études et de promotion industrielle (SONEPI) in Senegal,[22/] which was established in 1969, Centre d'assistance aux petites et moyennes entreprises (CAPME) in the Cameroons[23/] which was established in 1970, or l'Office de promotion de l'entreprises nigérienne (OPEN) in Niger[24/] which was created in 1978. In one country, the People's Republic of the Congo,[15/] there is even a Ministry for Small and Medium Enterprises.

In Anglophone Africa, the generic name for such organizations is the Small Industry Development Organization (SIDO) of which one was established in Tanzania in 1973,[6/] and one in Zambia in 1981.[14/] Other names are also used for organizations having the same function such as the Kenya Industrial Estates Ltd. in Kenya,[25/] the Small Entrepreneurs Promotion Office (SEPO), and the Small Enterprise Development Company (SEDCO) in Swaziland.[6/]

In general, these organizations do not seem to be empowered to advance credit to small and medium enterprises, and their functions are limited to other activities as illustrated by those of the Zambian SIDO[14/] which may:

a) formulate, co-ordinate and implement policies and programmes relating to the development and promotion of small industries;

b) carry out research projects, surveys and market research on any aspect connected with small industries;

c) provide, or assist in providing, training facilities for persons engaged or employed or to be employed in small industries and co-ordinate the activities of other institutions engaged in such training;

22/ ONUDI. Assistance a la SONEPI. Document de projet DP/SEN/80/007.

23/ Ibid. Assistance a la promotion des petites et moyennes entreprises. Document de projet DP/CMR/84/006.

24/ Ibid. Extension de l'assistance a l'office de promotion de l'entreprise nigérienne (OPEN) phase II. Document de projet DP/NER/83/004.

25/ Employment, Incomes and Equality. A Strategy for Increasing Productive Employment in Kenya. ILO, Geneva, 1972.

d) provide extension, management and consultancy services for small industries;

e) promote local and foreign investment in small industries;

f) assist in procuring, obtaining or providing supplies, equipment or raw materials for small industries;

g) assist in locating and developing industrial estates, common facility centres and ancillary services.

III. CONTRIBUTION OF SMALL AND MEDIUM ENTERPRISES TO NATIONAL ECONOMIES

18. The important contribution of small and medium enterprises to national economies may be illustrated by some examples available in the literature. In the early 1980s, for instance, there were about 11 million companies in the USA classified as small.[6/] Of these, 3.4 million were doing business of $5 million or less per year, and employing fewer than 100 workers each. Nevertheless, such businesses contributed a surprising 43 per cent to the Gross National Product. Between 1969 and 1976, two thirds of the new jobs in the USA came from firms with 20 or fewer employees. At least half of the nation's private work force is in some way dependent on small business, and such large companies as General Motors, for example, has great numbers of small suppliers; 55,000 in this particular case.

In Australia, small manufacturing enterprises, defined as those having less than 100 employees, constituted 93 per cent of the total number of enterprises, engaged 38 per cent of total employment, were responsible for 34 per cent of turnover, 35 per cent of wages and salaries and 34 per cent of value added.

In Japan, in 1975, there were 5.36 million small and medium enterprises accounting for 99.4 per cent of the total business establishments in the country, and 79.5 per cent of the total number of workers.

19. In the Philippines, small and medium enterprises constitute 90 per cent of all manufacturing units, employ 50 per cent of all industrial workers, and contribute some 50 per cent of total Manufacturing Value Added (MVA).[21/]

In Thailand, small and medium enterprises contribute 52 per cent of the total value of industrial output, 80 per cent of employment, and 48 per cent of total MVA.

In Malaysia, those industries employ some 56 per cent of the total work force, and generate over 51 per cent of the revenues from all industrial activities.

20. In Latin America, the same situation obtains with respect to the contribution of small- and medium-scale enterprises to national economic parameters. The CIDA study,14/ cited earlier in this paper, reveals that workers from those enterprises make up between 40 and 55 per cent of the labour force with the exception of small countries, such as Costa Rica, where they employ more than 70 per cent of the work force. In a more varied context, the small and medium enterprises in Latin America represented between 25 and 35 per cent of the Gross National Product (GNP).

In an elaborate study carried out by the World Bank in Colombia,26/ it was found out that those enterprises represented some 93 per cent of all production units, employed 38 per cent of the labour force, were responsible for 33 per cent of total MVA, and accounted for an estimated one-third of net industrial investment.

21. In Africa, Page and Steel27/ report that both qualitative and quantitative data show that small enterprises account for the bulk of employment in the manufacturing sector of most countries. A sample data from seven countries shows only one (Egypt) with less than 59 per cent of total manufacturing employment in those enterprises. Four countries (Ethiopia, Ghana, Nigeria and Sierra Leone) have over 82 per cent. Small enterprises, however, account for a considerably smaller share of manufacturing output than employment, although the data are less reliable. They contribute, for

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26/ World Bank. Colombia; Appraisal of the Second Small-Scale Industry Project. Report No. 1512b-CO, 1977.

27/ Page, John M.,Jr., and William F. Steel. Small Enterprise Development. Economic Issues from African Experience. World Bank Technical Paper No. 26, 1984.

example, more than 50 per cent of the industrial output in Botswana and Burundi, but less than 25 per cent in Tanzania, Kenya or Ghana.28/

22. Within the small- and medium-scale enterprise sector as a whole, information on the contribution of the food-processing industries in most African countries is meager.

It has been reported27/ that clothing is consistently the largest in that sector in African countries, generally accounting for a third or more of employment in manufacturing and repairs. Furniture and wood working comes second, with about one-eighth of employment in the sector. Other important industries are metalworking, and food products (especially baking), shoemaking and repairs, watch and electrical repairing, and in some cases printing. In rural areas, artisanal crafts tend to predominate, especially blacksmithing, pottery and weaving, while agro-processing activities such as grain milling raise the share of food processing.

In Ethiopia,13/ over 64 per cent of the small enterprises surveyed in 12 major towns were food-processing enterprises.

In the People's Republic of the Congo,15/ it was found that within the small and medium enterprises sector the food-processing industry contributes 36 per cent of total production, and 40 per cent of total MVA, and constitutes 21 per cent of the total number of enterprises in that sector.

IV. BASIC CONSTRAINTS TO THE DEVELOPMENT OF AFRICAN SMALL- AND MEDIUM-SCALE ENTERPRISES

23. In general, the basic constraints facing the development of small- and medium-scale enterprises in Africa, including those dealing with food processing, are the same endogenous and exogenous factors aggravating the persistent economic crisis of the Continent.

28/ Wynne-Roberts, C.R. Small-Scale Industry Development in Sub-Sahara Africa. World Bank mimeo, 1980.

24. Those factors have been summarized in the United Nations Programme of Action for African Economic Recovery and Development 1986-1990, which was adopted by the General Assembly of the United Nations in its thirteenth Special Session dealing with the critical economic situation in Africa.[29/] The endogenous factors include deficiencies in institutional and physical infrastructure; economic strategies and policies that have fallen short, in some cases, of achieving their objectives; disparities in urban and rural development and income distribution; insufficient managerial/administrative capacities; inadequate human resource development; and lack of financial resources.

The exogenous factors include the recent international economic recession, the decline in commodity prices, adverse terms of trade, the decline in financial flows, increased protectionism and high interest rates.

25. In more specific terms, Page and Steel[27/] have elaborated on some of the problems facing the small- and medium-scale enterprises in Africa, and presumably also effecting those involved in food processing.

It seems that Government policy in many African countries since the 1960s has acted to suppress the real rate of interest for both deposits and loans from the banking system. Faced with the competing demands for potential claimants in excess of funds available, the banking system has generally responded by rationing credit to traditional customers and by holding portfolios characterized by low risk of default. Venture capital for industrialization was provided to large-scale firms via public sector loan windows, often at highly subsidized rates of interest, and small-scale enterprises have been excluded from the commercial credit market both by their higher level of risk and because of the greater unit costs of administering small loans. Government regulations concerning quality standards, technical specifications and procurement also are biased against the output of small enterprises.

Several policy initiatives have been started in many countries to redress this bias against small enterprises by creating additional public lending institutions, by providing guarantees for a portion of commercial bank loans

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29/ United Nations, General Assembly. A/S - 13/15, 4 June 1986.

to small enterprises, and/or by restricting a specific portion of commercial bank funds for the exclusive use of small borrowers. In very few cases, however, have these programmes achieved significant results.

26. Another area where small enterprises in Africa need support is training in managerial, financial and technical skills. Development of those skills is likely to make the small entrepreneur a better risk for institutional credit when such credit is, for example, needed for expansion. For small enterprises using machinery, assistance in its utilization, maintenance and repair can go a long way towards raising the productivity of capital.

There is insufficient knowledge, however, about how to provide technical services and training effectively, and past efforts in that connection have had difficulty in identifying and reaching recipients. It seems that most small entrepreneurs are unaware of the need for these services.[4/] Such services must possibly be provided through extension programmes that reach the managers and workers in their own establishments, a process that can be very difficult and costly in most countries in Africa.

27. Input supplies also seem to be still another area that hampers the orderly growth of small enterprises in Africa. Although they are much less dependent on imported inputs than larger firms, their productivity is often constrained by lack of certain critical materials, such as baking powder, yeast, or some essential parts for grain mills.[27/]

Especially two types of input supply constraints are encountered by small enterprises in Africa: a) obtaining imported materials and spare parts when imports are licensed or otherwise restricted; and b) obtaining supplies that are controlled by a state marketing agency. Those enterprises are just too small to be able to cope with government administrative bureaucracy.

28. One of the main obstacles to the development of small enterprises and their desirable spread in rural areas in Africa remains the lack of physical infrastructure, i.e., suitable premises, water and power supplies, and access roads. This has been reported consistently in the available

literature,[30/] [31/] [32/] [33/] and efforts by Governments to overcome it seem to concentrate in providing industrial estates to group together enterprises that could derive the economies of scale in construction and utility costs, and through inter-trading among themselves.[16/] It has been argued, however, that this approach does not appear suited to the relatively modest small and medium enterprises in Africa, except where the principal objective is to help medium-scale domestic enterprises to compete with foreign firms.[27/]

Furthermore, industrial estates would not be attractive to entrepreneurs wishing to remain outside the formal sector, but whose contribution to urban labour and incomes is still quite substantial.[30/] In any case, establishment of industrial estates is likely to make the total investment per worker so high as to contradict the labour intensity argument for promoting small enterprises.

29. Particular constraints also obtain in certain countries. In the Democratic Republic of the Sudan, for example, the manufacturing industry faces chronic shortages of trained manpower partly due to expatriation of labour attracted by opportunities for higher earnings abroad. In recent years the number of emigrants with skill and high academic qualifications has increased and now reached a magnitude of significant proportions impinging on the skills necessary for the implementation of development targets. Within a period of three years, over 6000 permits were issued by the Department of Labour to work abroad.[31/]

30. Another particular constraint for the small food manufacturer in several African countries originates from the Governments' desire to protect the consumer's health by enacting food legislation and creating inspection services for its enforcement. More often than not, there is no measure to

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[30/] ILO. Informal Sector in Africa. Jobs and Skills Programme for Africa. Addis Ababa, 1985.

[31/] UNIDO. Industrial Development Review Series. UNIDO/IS.541. The Democratic Republic of the Sudan. July, 1985.

[32/] Ibid. UNIDO/IS.628. United Republic of Tanzania. April, 1986.

[33/] Ibid. UNIDO/IS.640. Mali. June, 1986.

assist the small food manufacturer in conforming to the new legislation, and he has no access to laboratory facilities to determine even simple parameters adopted by law such as moisture level, bacterial count, or fat content in his products. The unfortunate result is stifling the budding industry which the legislation is supposed to help.34/

V. PROPOSED MEASURES FOR THE REHABILITATION OF AFRICAN SMALL- AND MEDIUM-SCALE FOOD PROCESSING ENTERPRISES

31. It is abundantly clear from the previous paragraphs that most Governments in Africa have recognized the important role of small and medium enterprises, and have created specific mechanisms to promote their development and growth. While efforts in that direction have been quite substantial, they are still far from sufficient, and much more assistance is still required to support those industries. There are also definite indications that all Governments in Africa wish to strengthen their food-processing industries4/ 29/ in recognition of their potential for alleviating the precarious food situation in the Continent.

The following paragraphs will, therefore, be devoted to proposing a few measures for strengthening the African small- and medium-scale food-processing industries, not only to improve their performance but also to increase their ability to benefit from available resources, both internal and external.

32. Since the two UNIDO Consultations on the Food-Processing Industry1/ 2/ have stressed the need for involving food-processing co-operatives, as well as small- and medium-scale food-processing enterprises, from both the industrialized countries and the more industrialized developing countries, in strengthening small- and medium-scale food processing enterprises in the developing countries, the following measures which could enhance such involvement are proposed:

i) Collaboration of international co-operative organizations in specific sub-sectors of the food-processing industry in selected African countries;

34/ Private observation by the author in several countries.

ii) Introduction of a modified Nucleus Estate Concept to some African countries with assistance from non-African small- or medium-scale food-processing enterprises or co-operatives;

iii) International sub-contracting in the food-processing industry;

iv) Creation of specific ancillary services or suppliers enterprises;

v) Establishment of a new international financing mechanism to aid African small- and medium-scale food-processing industries, or those non-African enterprises or co-operatives willing to aid them.

These measures are elaborated upon in the following paragraphs.

33. Co-operative organizations have been identified as having the potential to play a more significant role in the development of rural areas and promotion of agro-food industries, including fisheries products, in the developing countries, and many of them have indicated their willingness to do so.35/ 36/

34. Co-operative organizations, from industrialized countries and the more industrialized developing countries (thereafter called simply 'co-operative organizations'), however, face specific constraints in their attempts to assist the food-processing enterprises in developing countries. Lack of information on suitable projects for their participation, and lack of financing for the implementation of the projects have been identified as basic constraints.35/ In addition, absence of a clear government policy with regard to food processing, the deep penetration of transnational corporations, antiquated co-operative legislation, absence of integrated approach, technology unsuited to indigenous conditions, and difficulties in obtaining

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35/ Expert Group Meeting. Role of Co-operatives in the Development of Food-Processing Industries in Developing Countries. Vienna, Austria, 22-24 April, 1981. Report UNIDO/PC.8, May 1981.

36/ The Potential for Co-operative Food Processing in Developing Countries: Toward Global Inter-Dependence. Government of Canada/UNIDO Conference. Ottawa, August 22-24, 1983. Final Report.

finance for start-up, expansion and modernization of plants[36/] have also been identified as some of the other constraints.

35. To overcome most of those constraints, it is proposed that the intervention of co-operative organizations to assist the food-processing enterprises in Africa be confined to one or two agro-food subsectors, in one or two African countries. Experiences gained from these initial interventions, and the different approaches used to overcome the constraints faced by the co-operative organizations could then be applied with necessary modifications to other countries and subsectors.

36. Two food-processing subsectors are suggested for this initial intervention: the bread industry, and the fish-processing industry.

37. African imports of wheat equivalent have risen to a very high level, reaching 16 million tons, costing some $3.4 billion in 1982, and 19 million tons costing over $3.6 billion in 1984. Information from various African countries underlines the necessity for establishing new bakeries to meet the needs of increasing urban populations.[33/ 37/ 38/]

The efficiency of the bakeries, however, seems to suffer from raw material wastage, damage to bread during baking, and extensive employee pilferage;[39/] in other words storage, technology and management problems. Such problems can be easily looked after through co-operative organizations that could either form local bakers' associations or co-operatives, or strengthen existing ones.

38. The total fish catch of Africa is comparatively low reaching some 3 million tons per year, while that for the Americas is about

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37/ Maillot, J.F. Etude sectorielle: Possibilités de développement de l'agro-industrie en République populaire du Congo. Projet BIT/PNUD/84/007. Rapport final, décembre, 1985.

38/ UNIDO/IO/R.135 - Rehabilitation and Development of the Baking Industry (Mozambique) TF/MOZ/82/002. Technical Report, October, 1984.

39/ Kilby, P. In: Anderson, D. Small Industry in Developing Countries. Some Issues. World Bank Staff Working Paper No. 518, 1982.

12.5 million tons, for Europe around 24 million tons and for Asia over 32 million tons.[40] Two of the main constraints holding back the African fisherman, namely under fishing of accessible grounds and wasteful processing methods, could well be remedied through co-operative action.

A glaring example of underutilization of available fishing resources is the lake created by the construction of the Asswan high dam in Upper Egypt, locally known as Lake Nasser.[41] With an estimated potential fishing catch of 150,000 tons annually, the lake is presently producing some 10,000 tons. The main restraints to the increase of the fish catch include lack of facilities to transport iced-fish to population centres hundreds of kilometers away from the lake, unavailability of fish processing capabilities around the lake, and above all, monopoly ownership of fishing dinghies and fish dispatch boats by a proprietors' "co-operative" that denies membership to the real fishermen. The latter, who are otherwise unemployed, have no choice at present but to rent dinghies and fishing gear from the "co-operative" and supply it with the catch at imposed low prices which are even paid partly in kind (mostly subsistence items such as bread, sugar, tea, and oil otherwise unavailable).

39. Substantial amounts of fish landed in most African countries south of the Sahara are preserved by sun-drying or smoking. The processing methodology utilized is rather primitive, and the final product suffers from severe losses, sometimes reaching over 50 per cent, due to infestation by the voracious Dermestes beetle.[42]

40/ International Marketing Data and Statistics, 1984. Euromonitor Publications Ltd., England, U.K., 1984.

41/ National Planning Institute. Arab Republic of Egypt. Report on Lake Nasser Fisheries, 1979 (in Arabic).

42/ Aref, M., Timbley, A. and Daget, J. - Fish and Fish Processing in the Republic of Mali. III. On the Dermestes Beetle. Alexandria Journal of Agricultural Research, XII, (1), 52-60, 1964.

Furthermore, smoke-drying of fish consumes huge amounts of wood every year with the result that deforestation, with its inherent damage to the environment, extends as far as 100 km. from fishing centres.43/

40. It is therefore proposed that UNIDO should first identify one or two countries in Africa where co-operative organizations' intervention could be useful in the above-mentioned two food-processing subsectors in order to confirm their willingness to accept such intervention. Subsequently, UNIDO should approach co-operative organizations with relevant experience in those two subsectors to solicit their assistance in carrying out feasibility studies detailing the present situation and actions to be taken for its amelioration in the form of a technical/financial assistance project.

Once the recipient country and the intervening co-operative organization are identified, detailed terms of reference for the feasibility study should be formulated, and funds for its discharge requested from the country's UNDP/IPF, or from donor organizations possibly from the country of origin of the co-operative organization. After completing the feasibility study, and formulating the project document, funds for its implementation should be sought from existing donor agencies.

41. Another measure for the rehabilitation of the small- and medium-scale food-processing enterprises in Africa is the introduction of a modification of the nucleus estate concept where applicable. Originally, a nucleus estate consists of a commercially-viable unit for the primary production and processing of produce, and a large number of neighbouring small holders. The estate provides services such as mechanized land preparation, crop collection, pest and disease control, processing, and marketing of the processed products for the small holders.

The proposed modification would involve, for example, a central bee-keeping and honey production operation which would also have a large number of neighbouring small honey producers. The central operation would provide services such as supply of bees, hives, and technical supervision, and would

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43/ World Conservation Strategy. International Union for Conservation of Nature and Natural Resources (IUCN), United Nations Environmental Programme and the World Wildlife Fund. 1980.

provide the small producers with bulk containers for their honey. It would then undertake standardization, retail packaging, and marketing under a common label. Other small food-processing enterprises with a good likelihood of turning to good account their participation in such modified nucleus estate patterns are those producing vinegar and pickles; jams, jellies and marmelades; sun-dried dates and raisins, or dried okra and similar vegetables; chutney, horse-radish paste, and other condiments; and glacéed fruits or plain confectionery.

One underlying advantage of this approach is that the mere existence of the central plant with its available services would encourage some of its more enterprising neighbours to establish their own businesses, which they would never have otherwise ventured.

Assistance for the central operation, which could be owned by a local entrepreneur, co-operative, or a parastatal body, could be obtained from co-operative organizations, or even a small enterprise in an industrialized country.

It is interesting to mention in this connection that the DEG - Deutsche Finanzierungsgesellschaft für Beteiligungen in Entwicklungsländer GmbH - (German Finance Company for Investments in Developing Countries) whose sole shareholder is the Federal Republic of Germany, favours projects based on the nucleus estate model since such projects usually benefit a large community and have positive income and employment effects.44/ It is suggested that UNIDO approaches the DEG for financial support to carry out a survey in selected African countries to identify possibilities for the introduction of this concept.

42. A well-known measure that could greatly help certain countries in Africa develop or strengthen their small- and medium-scale food-processing enterprises in sub-contracting, and especially international sub-contracting (ISC).

44/ von Wallenberg, G. The German Finance Company Seeks Feasible Projects in Effort to Deepen its Commitment to Third World Agriculture. Agribusiness Worldwide 8 (4), 34-36, May, 1986.

According to UNIDO[45/] "a sub-contracting relation exists when a firm (the principal) places an order with another firm (the sub-contractor) for the manufacture of parts, components, sub-assemblies or assemblies to be incorporated into a product which the principal will sell. Such orders may include the treatment, processing or finishing of materials or parts by the sub-contractor at the principal's request."

Four types of international sub-contracting have been identified:[46/]

i) Across-border commercial sub-contracting, which takes place between independent units located in different countries and concerns the manufacture of finished products exported (without assembly or finishing) either via the principal or directly by the sub-contractor.

ii) Across-border industrial sub-contracting, which takes place between two units located in two different countries and concerns the manufacture of intermediate products (components or sub-assemblies) which are assembled at the principal's own plant.

iii) Within-border industrial sub-contracting, which takes place between a subsidiary of a multinational corporation (the principal) and a local firm; the two units are located in the same country and the sub-contractor manufactures components.

iv) Within-border commercial sub-contracting, where the operators are the same as in the previous case, but the products manufactured under contract are finished goods.

International sub-contracting from industrialized to developing countries has been growing considerably, especially between the United States and Japan on the one hand, and Mexico, Hong Kong, Korea, Singapore and Taiwan, on the

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45/ UNIDO. Subcontracting for Modernizing Economies. United Nations, New York, 1974.

46/ Watanabe, S. International Subcontracting and Regional Economic Integration of the ASEAN Countries: The Role of the Multinationals. In: International Subcontracting. A New Form of Investment. OECD, 1980.

other. The items involved have a wide and diversified range and include garments, auto parts, air conditioners, compressors, electronic appliances, etc.

Of interest to the purpose of this paper is an international sub-contracting agreement between an African food processor and a European principal reported by Berthomieu and Hanaut.47/ The sub-contractor was a Moroccan joint venture supplying a semi-finished food product, namely gherkins in casks, to European principals who transformed them into finished products by repackaging them in retail packages for marketing in Europe. In this particular case, the inputs were supplied locally, the plant and equipment belonged to the sub-contractor, while the processes used belonged partly to the sub-contractor and were partly supplied by the principal. Obviously other schemes could be worked out under such arrangements.

Sub-contracting in the food-processing industry in Africa could also take place at the national level where small units would supply, for example, several semi-preserved fruits from different geographical locations to a central plant which could then use the fruits individually or in combinations to produce various end products. The central plant could be locally owned, or could be a subsidiary of a foreign firm. The principal in the latter case could preferably be a small- or medium-scale industrialized country enterprise (or co-operative) and the sub-contractor's developing country counterparts. Such arrangements would foster international division of labour and transfer of technology, and could assist in regional integration of the food-processing industry in some parts of Africa. One could think of a variety of products which lend themselves to this type of sub-contracting such as nuts for cocktail mixes, dried vegetables for soups, bulk tomato concentrates for several tomato products, tropical fruits, frozen shrimps and lobsters, etc.

One of the main advantages of international sub-contracting would be transfer of management know-how for future expansion of the small enterprises participating in this type of activity.

47/ Berthomieu, Claude, and Anne Hanaut. International Subcontracting: The Case of Morocco. In: International Subcontracting. A New Form of Investment. OECD, Paris, 1980.

UNIDO should initiate action to identify African countries and food-processing subsectors where such sub-contracting would be feasible.

43. There are certain measures to redress some of the constraints faced by small food-processing enterprises in Africa which might be termed ancillary measures. These measures may or may not require additional assistance from the international community and could well be fostered by national governments within the existing framework of multilateral technical assistance. They include:

i) Establishment of specialist suppliers enterprises producing different needs of subsectors of the food-processing industry, or of the industry at large, such as baker's yeast, ready-made spice mixes, other food supplements and adjuncts, diverse packages or packaging materials, labels, simple equipment and machinery, and other items as required in individual countries;

ii) Creation of stationary or mobile industrial services enterprises for maintenance and repairs of the equipment used by the small food manufacturer, or to fulfil his needs for simple quality control procedures to conform to existing food legislation;

iii) Enacting legislation to regulate the relation between small farmers and small food processors wishing to enter into contractual agreements with them to obtain a steady supply of produce for processing.

44. Last but not least, the most important measure to stimulate the formation of more small- and medium-scale food-processing enterprises in Africa and to rehabilitate and sustain the existing ones is the creation of a special financing instrument for this purpose.

It is no odd coincidence that the USA joined other nations in 1985 to organize a new international financing institution called the Inter-American Investment Corporation (IIC) to assist the development and expansion of small- and medium-scale enterprises in Latin America.[48/] The IIC - a separate,

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48/ Economic Impact. No.53 - 1986/1, p.4., USA Information Agency Washington, D.C.

private-sector-oriented affiliate of the Inter-American Development Bank (IDB) - will formally begin operations in 1986. It will be empowered to make and guarantee loans, to take equity or quasi-equity positions, and to provide technical co-operation and financial-managerial assistance directly or indirectly to small- and medium-scale enterprises in Latin America.

It is strongly recommended that UNIDO pledges itself to the establishment of such a corporation for the assistance of small- and medium-scale food processing enterprises in Africa. This could possibly be one of the issues to be discussed during the Third UNIDO Consultation on the Food-Processing Industry.

VI. CONCLUSIONS AND RECOMMENDATIONS

45. The literature is replete with definitions and quasi-definitions of "small" enterprises, and attempts to refine the definition by using terms such as "pre-micro", "micro", "informal", "unincorporated", etc. only add to the confusion with respect to what is exactly meant by a small enterprise. It would seem necessary that an expert group meeting on the subject be convened by concerned bodies in order to examine this question and come up with guidelines for standardization of definitions of small- and medium-scale enterprises.

46. There also seems to be confusion with regard to what constitutes a small "industry" and what is meant by a small "enterprise". The two terms are being used interchangeably though there is a clear distinction between the two. It is quite clear that a barbershop is a small enterprise and not an industry; so is a laundry, a grocery store, a small hotel, or a repairs garage. Yet these are often included in statistics for small industry. It would be useful if UNIDO were to issue detailed lists of what exactly constitutes a small enterprise, and what is meant by a small industry.

47. There is need for UNIDO to carry out thorough, dispassionate surveys on small- and medium-scale food-processing industries in most African countries; surveys that would assess their precise contribution to national economies, and evaluate the benefits they derive from governmental organizations

established to meet their requirements. The results of such surveys would be essential for the development of long-term programmes for the strengthening of those industries in Africa.

48. Although women's contribution to food production and processing in Africa is generally recognized,[29/] [49/] and in spite of the fact that that contribution is by and large through small- or medium-scale industries, there are still legal regulations in some African countries inhibiting women from obtaining licences to establish such industries.[30/] Efforts should be made to eliminate such constraints.

49. Most African Governments are facing huge financial and economic problems, and simply do not have the necessary means to render proper assistance to their small- and medium-scale food-processing industries, although these industries in particular could contribute substantially to economic recovery through improving the precarious food situation. There is urgent need for the establishment of an International Fund for the African Food Industry (IFAFI) to specifically look after their financial, technical and managerial requisites.

[49/] UNIDO. Expert Group Meeting on Women in Agro-Industries. Vienna, Austria, 14-18 October 1985. ID/WG.452/3.

ANNEX

Relation of several currencies to the USA Dollar

(Source: Creditanstalt Bankverein - July 1986)

One USA Dollar equals:

Asia:

India	12.48	Rupees
Japan	163.79	Yens
Malaysia	2.63	Ringgits (M$)
Nepal	20.50	Rupees
Philippines	20.50	Pesos
Thailand	26.25	Bhats

Africa:

Algeria	4.65	Dinars	Lesotho	2.475	Lotis
Angola	29.92	Kwanzas	Liberia	1.00	Lib. $
Benin	350	CFA Fr.	Mali	350	CFA Fr.
Botswana	2.05	Pulas	Mauritania	75.40	Ouguiyas
Burkina Faso	350	CFA Fr.	Morocco	9.28	Dirhams
Burundi	104.2	Burundi Fr.	Mozambique	40.49	Meticals
Cameroon	350	CFA Fr.	Nigeria	1.187	Nairas
Cen.Afr.Rep.	350	CFA Fr.	Senegal	350	CFA Fr.
Chad	350	CFA Fr.	Sierra Leone	4.88	Leones
Congo	350	CFA Fr.	Sudan	4.075	Pounds
Ethiopia	2.06	Birr	Swaziland	2.475	Lilangenis
Gabon	350	CFA Fr.	Tanzania	40.00	Shillings
Gambia	7.2	Dalasis	Togo	350	CFA Fr.
Ghana	90	Cedis	Tunisia	0.79	Dinars
Guinea	360	Guinea Fr.	Zaire	56.88	Zaires
Guinea-Bis	170.50	Guinea-Bis.Peso	Zambia	7.341	Kwachas.
Kenya	16.25	Shillings	Zimbabwe	1.738	Zimb. $